

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

REQUEST FOR ACTION

EXH	MOTION <i>White</i>
	SECOND <i>Maynard</i>
	ACTION APPROVED BY THE REGENTS
NOTE:	MAY 19 2005

Subject: Alternative Asset Commitment

Action Requested: Approval of Kimpton Hospitality Partners, L.P.

Background and Summary: We recommend a commitment of \$20 million to Kimpton Hospitality Partners, L.P., a real estate fund that will acquire and manage boutique/lifestyle hotel properties in select major North American cities. The target capitalization of the fund is \$165 million. This is the second multi-investor fund for the Kimpton organization.

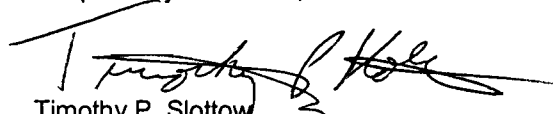
Kimpton Hotel and Restaurant Group was founded in 1981 by William D. Kimpton. Over the past 24 years the firm has executed a strategy of acquiring, renovating, and operating hotels of all quality levels from first-class, four-star hotels to value-oriented, tourist hotels. Kimpton currently operates 37 hotels with over 6,800 rooms and 35 restaurants in 12 different cities across the United States and Canada.

Kimpton Hospitality Partners has been formed to acquire, manage, lease, develop and redevelop boutique/lifestyle hotel properties in select major North American markets including cities like New York, Chicago, Boston, Philadelphia, Miami, Los Angeles and Honolulu. The Fund will primarily target existing hotels in desirable locations in need of renovation and/or market repositioning, existing buildings (such as office buildings, government buildings, warehouses, etc.) which are well located and suitable for conversion to hotels, and existing boutique hotels in good physical condition but in need of improved management and marketing that can benefit from the Kimpton management program. The hotels will then be managed and operated by Kimpton Hotel & Restaurant Group, LLC. In addition to the hotel investments, the Fund will also own an interest in Kimpton Hotel Group, the parent company of Kimpton Hotel & Restaurant Group, and as such, will share in the revenues and growth of the management company.

It is expected the Fund will acquire five to ten hotels over a two to three year period. Exits may include the sale of individual properties or a portfolio sale.

This investment is consistent with the University's real estate strategy to invest with experienced managers who have demonstrated the ability to add value.

Respectfully submitted,


Timothy P. Slottow
Executive Vice President and
Chief Financial Officer

May 2005